

INCREASE OF PERMANENT PUBLIC DEBT LIMIT

MAY 9 (legislative day, APRIL 30), 1984.—Ordered to be printed

Mr. DOLE, from the Committee on Finance,
submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 2651]

The Committee on Finance, to which was referred the bill (S. 2651) to increase the permanent public debt limit and for other purposes, having considered the same, reports favorably thereon and recommends that the bill do pass.

I. SUMMARY

S. 2651 provides for an increase of \$262.6 billion in the permanent public debt limit from \$1,490.0 billion to \$1,752.6 billion. The increase will go into effect on enactment and remain in effect without expiration date until Congress enacts a change in the limit.

The debt limit level in this bill is the amount estimated by the Secretary of the Treasury as sufficient to meet borrowing needs through June 28, 1985, assuming that the Administration's April 10, 1984, revised budget proposals for fiscal year 1985 are enacted.

The committee also approved a \$50 billion increase, to \$200 billion, in Treasury Department authority to issue bonds at interest rates above 4¼ percent.

TABLE 1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1947 TO
DATE, AND PROPOSED PERMANENT LIMIT

[In billions of dollars]

Fiscal year	Permanent	Statutory debt limitation	
		Temporary additional	Total
1947–1958 through Feb. 25.....	275	.....	275
1958: Feb. 26 through June 30	275	5	280
1959 through Sept. 1.....	275	5	280
1959: Sept. 2 through June 29.....	283	5	288
1959: June 30.....	288	5	290
1960.....	285	10	295
1961.....	285	8	293
1962 through Mar. 12	285	13	298
1962: Mar. 13 through June 30.....	285	15	300
1963 through Mar. 31	285	23	308
1963: Apr. 1 through May 28.....	285	20	305
1963: May 29 through June 30	285	22	307
1964 through Nov. 30	285	24	309
1964: Dec. 1 through June 28.....	285	30	315
1964: June 29 and 30	285	30	342
1965.....	285	39	324
1966.....	285	43	328
1967 through Mar. 1	285	45	330
1967: Mar. 2 through June 30.....	285	51	336
1968 ¹	358	.....	358
1969 through Apr. 6 ¹	358	7	365
1969 after Apr. 6 ¹	358	.....	358
1970 through June 30 ¹	365	12	377
1971 through June 30 ¹	380	15	395
1972 through June 30 ¹	400	50	450
1973 through Oct. 31 ¹	400	50	450
1973 through June 30 ¹	400	65	465
1974 through Nov. 30 ¹	400	65	465
1974: Dec. 3 through June 30 ¹	400	75.7	475.7
1975 through Feb. 18 ¹	400	95	495
1975: Feb. 19 through June 30 ¹	400	131	531
1976 through Nov. 15 ¹	400	177	577
1976 through Mar. 15 ¹	400	195	595
1976 through June 30 ¹	400	227	627
TQ: from enactment through Sept. 30, 1971 ¹	400	236	636
1977: from Oct. 1, 1976 through Mar. 31, 1977 ¹	400	282	682
1977: from Apr. 1 through Sept. 30, 1977 ¹	400	300	700
1978: from Oct. 1, 1977, through July 31, 1978 ¹	400	352	752
1978: from Aug. 3, 1978, through Mar. 31, 1979 ¹	400	398	798
1979: from Apr. 2 through Sept. 30, 1979 ¹	400	430	830
1980 through June 30, 1980 ¹	400	479	879
1981 through Feb. 28, 1981 ¹	400	525	925
1981 through Sept. 30, 1981 ¹	400	535.1	935.1
1981 through Sept. 30, 1981 ¹	400	585	985

TABLE 1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1947 TO
DATE, AND PROPOSED PERMANENT LIMIT—Continued

[In billions of dollars]

Fiscal year	Permanent	Statutory debt limitation	
		Temporary additional	Total
1982 through Sept. 30, 1982 ¹	400	679.8	1,079.8
1982 through Sept. 30, 1982 ¹	400	743.1	1,143.1
1983 through Sept. 30, 1983 ¹	400	890.2	1,290.2
1983 ¹	1,389	.....	1,389
1984 ¹	1,490	.....	1,490
Proposed: 1985 ¹	1,752.6	.....	1,752.6

¹ Includes FNMA participation certificates issued in fiscal year 1968.

II. EXPLANATION OF PROVISIONS

A. Increase in the Limit on the Public Debt

Present Law

The present permanent limit on the public debt is \$1,490 billion, which was enacted on November 21, 1983 (P.L. 98-161). A permanent debt limit has no expiration date.

Reasons for Change

Current debt situation

The outstanding public debt at the close of business on May 1, 1984, was \$25 million below the \$1,490 billion current statutory limit on the public debt. Treasury Department's operating cash balance was \$38.7 billion, which is \$13.7 billion above the preferred \$25 billion operating cash balance and allowance for contingencies. The Undersecretary for Monetary Affairs of the Treasury Department announced on May 2, 1984, that the larger than normal cash balance and the expected receipts and outlays patterns would enable the Treasury Department to perform its normal financial activities through about May 24, 1984. About that date, it is anticipated that the Treasury Department would not be able to meet Federal Government obligations as they become due, unless the statutory debt limit is increased before then. In view of the debt outstanding on May 1, the critical date will occur when the operating cash balance is exhausted.

As part of its usual mid-quarter financing, the Treasury Department plans to sell \$16.5 billion in notes and bonds. As part of the financing plan, about \$9.32 billion in maturing securities will be refunded and the remaining \$7.18 billion will be made up with additional amounts of 3- and 10-year notes and bonds. Room will be made for the amounts under the tight debt limit ceiling by refunding less than the maturing amounts of other federal obligations coming due before May 15. This can be carried out, for example, by using part of the cash balance to redeem \$7.18 billion of maturing short-term issues and by using that margin to accommodate the mid-quarter financing.

Budget perspective

Fiscal years 1984 and 1985 will be marked by substantial deficits in the unified budget and continuation of additional deficits in the activities of the off-budget agencies. The Administration's budget proposals for fiscal years 1984 and 1985, as revised in April 1984, show projected budget deficits of \$177.8 billion in 1984 and \$179.0 billion in 1985. Off-budget agency deficits increase financing needs about \$15 billion in each year. (See table 2 below for a summary of

the Administration's projected budget and resulting deficit figures.)

TABLE 2.—ADMINISTRATION BUDGET PROPOSALS

[Billions of dollars]

	Fiscal year—	
	1984	1985
Outlays.....	850.5	932.0
Receipts.....	672.7	753.1
Unified budget deficit.....	-177.8	-179.0
Off-budget agencies deficit.....	-15.2	-14.8
Budget deficits.....	-193.0	-193.8

Consequences of delayed approval

Financing of deficit.—When the outstanding debt equals the statutory debt limit and the cash balance has been exhausted, the only issuing of debt that might take place would be refunding of expiring issues.

Among the bonds and other debt that could not be issued are savings bonds, and Treasury would have to send thousands of notices to employers who have payroll savings plans, banks and all other institutions through which savings bonds may be purchased. Sales could not be made of certain special issues for State and local governments which help these governments stay within the Federal arbitrage limits for tax-exempt bond issues.

Federal outlays.—Expenditures for all Federal Government activities could continue only until the operating cash balance is exhausted. These payments include—in the first three days of the month—social security benefits, civil service and military retirement payments, veterans benefits, and various other individual entitlement programs. Payments to government contractors, on fulfillment of obligations or as periodic performance payments, are made daily. Periodic interest payments on outstanding Federal debt are made mainly on the 15th day of the month in which they are due.

Spending priorities.—When there is doubt whether an increase in the public debt limit will be enacted before an existing limit will expire or be reached, speculation arises whether the President or Secretary of the Treasury has authority to exercise legally sanctioned priorities with respect to different spending programs. The best information available to the Committee on Finance indicates that no such priorities are in existence. Each law that authorizes expenditures or makes appropriations stands on equal footing, and there are no grounds for the Administration to distinguish a payment for any one program over any other program. As a consequence, the Secretary of the Treasury can be expected to make payment on the Federal Government's legal obligations to pay as they come due until cash remains in the till.

Explanation of Provision

After considering the matters discussed above as they relate to Federal finances, the committee voted to report the bill without amendment. This bill will increase the public debt limit to \$1,752.6 billion and thereby provide the Secretary of the Treasury with sufficient authority to issue Federal debt obligations for financing the Federal Government's activities through fiscal year 1984 and probably through the third quarter of fiscal year 1985.

B. Increased Exception from 4¼ Percent Limit on Interest Rate

Present Law

Obligations of the United States are defined as bonds, if they have a maturity when issued that is longer than 10 years. The rate of interest that may be paid on a bond may not exceed 4¼ percent, except that up to \$150 billion in outstanding bonds with rates of interest above 4¼ percent may be issued to the public. The exception for a specified amount of bonds—initially \$10 billion—was enacted in 1971, and it applied to all bonds with rates above the ceiling. An amendment in 1973 applied the limitation only to bonds held by the public, i.e., holdings of Federal agencies and the Federal Reserve Banks were not included.

Reasons for Change

The Treasury Department presently has used about \$120 billion of this authority to issue bonds with interest rates above 4¼ percent. The remaining authority is expected to be used up with bond issues through the rest of 1984 and early in 1985.

The Treasury Department usually requests additions to this bond authority when it seeks needed increases in the public debt limit. It has requested an additional \$50 billion in authority at this time so that it may plan the amount and timing of bond issues for the next several quarters. In addition, participants in the bond market also would be able to do longer-run planning. The ability to plan sales and purchases of the bonds reasonably far into the future can contribute to a more stable bond market and lower borrowing costs.

The Treasury Department also believes that it must continue to issue bonds to continue a presence in all maturity sectors of the bond market and to resist shortening the average maturity of the public debt. About 44 percent of the privately held marketable debt matures in one year, and the average maturity was 4 years and 4 months at the end of March 1984. The May 15 mid-quarter financing will increase the average maturity further as \$16.3 billion of new issues will be substituted for \$9.3 billion of maturing securities which are now short-term securities.

Explanation of Provision

The bill increases the exception from the interest rate ceiling by \$50 billion, thus raising the level of the exception to \$200 billion. The Treasury Department will be able to continue to operate in the long-term bond market through 1985 with its current scheduling for long-term bonds.

III. APPENDIX

TABLE I.—DEBT LIMITATIONS UNDER SEC. 21 OF THE SECOND LIBERTY BOND ACT AS AMENDED—HISTORY OF LEGISLATION

	<i>In billions</i>
Sept. 24, 1917:	
40 Stat. 288, sec. 1, authorized bonds in the amount of	¹ \$7.5
40 Stat. 290, sec. 5, authorized certificates of indebtedness outstanding revolving authority	² 4.0
Apr. 4, 1918:	
40 Stat. 502, amending sec. 1, increased bond authority to	¹ 12.0
40 Stat. 504, amending sec. 5, increased authority for certificates outstanding to	⁸ 8.0
July 9, 1918: 40 Stat. 844, amending sec. 1, increased bond authority to	² 20.0
Mar. 3, 1919:	
40 Stat. 13, amending sec. 5, increased authority for certificates outstanding to	² 10.0
40 Stat. 1309, new sec. 18 added, authorizing note in the amount of	¹ 7.0
Nov. 23, 1921: 42 Stat. 321, amending sec. 18, increased note authority outstanding (established revolving authority) to	² 7.5
June 17, 1929: 46 Stat. 19, amending sec. 5, authorized bills in lieu of certificates of indebtedness; no change in limitation for the outstanding	² 10.0
Mar. 30, 1931: 46 Stat. 1506, amending sec. 1, increased bond authority to	¹ 28.0
Jan. 30, 1934: 49 Stat. 343, amending sec. 18, increased authority for notes outstanding to	¹ 10.0
Feb. 4, 1935:	
49 Stat. amending sec. 1, limited bonds outstanding (establishing revolving authority) to	² 25.0
49 Stat. 21, new sec. 21 added, consolidating authority for certificates and bills (sec. 5) and authority for notes (sec. 18); same aggregate amount outstanding	² 20.0
49 Stat. 21, new sec. 22 added, authorizing U.S. savings bonds within authority of sec. 1	
May 26, 1938: 52 Stat. 447, amending secs. 1 and 21, consolidating in sec. 21 authority for bonds, certificates of indebtedness, Treasury bills, and notes (outstanding bonds limited to \$30,000,000,000). Same aggregate total outstanding	² 45.0
July 20, 1939: 53 Stat. 1071, amending sec. 21, removed limitations on bonds without changing total authorized outstanding bonds, certificates of indebtedness, bills and notes	² 45.0
July 25, 1940: 54 Stat. 526, amending sec. 31, adding new paragraph:	
“(b) In addition to the amount authorized by the preceding paragraph of this section, any obligation authorized by secs. 5 and 18 of this Act, as amended, not to exceed in the aggregate \$4,000,000,000 outstanding at any one time, less any retirements made from the special funds made available under sec. 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the general fund of the Treasury therefor. Any such obligations so issued shall be designated ‘National Defense Series.’”	² 49.0
Feb. 19, 1941: 55 Stat. 7, amending sec. 21, limiting face amount of obligations issued under authority of act outstanding at any one time to	² 65.0
Eliminated separated authority for \$4,000,000,000 of national defense series obligations	² 65.0
Mar. 28, 1942: 56 Stat. 189, amending sec. 21, increased limitation to	² 125.0
Apr. 11, 1943: 57 Stat. 63, amending sec. 21, increased limitation to	² 210.0

Apr. 3, 1945: 59 Stat. 47, amending sec. 21 to read: "The face amount of obligations issued under authority of this act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate, \$300,000,000 outstanding at one time"	2 300.0
June 26, 1946: 60 Stat. 316, amending sec. 21, adding: "The current redemption value of any obligation issued on a discount basis which is redeemable to maturity at the option of the holder thereof, shall be considered, for the purposes of this section to be the face amount of such obligation," and decreasing limitations to	2 278.0
Aug. 28, 1954: 68 Stat. 895, amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, increasing temporary limitation by \$6,000,000,000 to	2 281.0
June 30, 1955: 69 Stat. 241, amending Aug. 28, 1954, act by extending until June 30, 1956, increase in limitation to	2 281.0
July 9, 1956: 70 Stat. 519, amending act of Aug. 28, 1954, increasing temporary limitation by \$30,000,000,000 for period, beginning July 1, 1955, and ending June 30, 1957 to	2 278.0
Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1956, to	2 275.0
Feb. 26, 1958: 72 Stat. 27, amending sec. 21, effective Feb. 26, 1958, and ending June 30, 1969, increasing limitation by \$5,000,000,000	2 280.0
Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation by \$5,000,000,000	2 280.0
Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation to \$238,000,000,000 which with temporary increase of Feb. 26, 1958, makes limitation	2 288.0
June 30, 1959: Stat. 156, amending sec. 21, effective June 30, 1959, increasing limitation to \$295,000,000,000, which with temporary increase Feb. 26, 1958, makes limitation on June 30, 1959	2 290.0
Amending sec. 21, increasing limitation by \$10,000,000,000 for period beginning July 1, 1959, and ending June 30, 1960, which makes limitation beginning July 3, 1959	2 295.0
July 30, 1960: 74 Stat. 290, amending sec. 21, for period beginning on July 1, 1960, and ending June 30, 1961, temporarily increasing limitation by \$8,000,000,000	2 293.0
June 30, 1961: 75 Stat. 148, amending sec. 31, for period beginning on July 1, 1961, and ending June 3, 1972, increasing limitation by \$13,000,000,000 to	2 298.0
Mar. 13, 1962: 75 Stat. 23, amending sec. 21 for period beginning on Mar. 13, 1962, and ending June 3, 1962, further increasing limitation by \$2,000,000,000	2 300.0
July 1, 1962: 76 Stat. 124 as amended by 77 Stat. 50, amending sec. 21, for period—	
1. Beginning July 1, 1962, and ending Mar. 31, 1963	2 308.0
2. Beginning Apr. 1, 1963, and ending June 24, 1963	2 305.0
3. Beginning June 25, 1963, and ending June 30, 1963	2 300.0
May 29, 1963: 77 Stat. 50, amending sec. 21, for period—	
1. Beginning May 29, 1963, and ending June 30, 1963	2 307.0
2. Beginning July 1, 1963, and ending Aug. 31, 1963	2 309.0
Aug. 27, 1963: 77 Stat. 131, amending sec. 21, for the period beginning on Sept. 1, 1963, and ending on Nov. 30, 1963	2 309.0
Nov. 26, 1963: Stat. 342, amending sec. 21, for the period—	
1. Beginning on Dec. 1, 1963, and ending June 29, 1964	2 315.0
2. On June 30, 1964	2 309.0
June 29, 1964: 78 Stat. 225, amending sec. 21, for the period beginning June 29, 1964, and ending on June 30, 1965, increasing the temporary debt limit to	2 324.0
June 24, 1965: 79 Stat. 172, amending sec. 21, for the period beginning July 1, 1965, and ending on June 30, 1966, increasing the temporary debt limit to	2 328.0
June 24, 1966, 80 Stat. 21 amending sec. 21, for the period beginning July 1, 1966, and ending on June 30, 1967, increasing the temporary debt limit to	2 330.0

Mar. 2, 1967: 81 Stat. 4, amending sec. 21, for the period beginning Mar. 2, 1967, and ending on June 30, 1967, increasing the temporary debt limit to.....	2 336.0
June 30, 1967: 81 Stat. 99—	
1. Amending sec. 21, effective June 30, 1967, increasing limitation to.....	2 358.0
2. Increasing the temporary debt limit by \$7,000,000,000 for the period from July 1 to June 29 of each year, to make the limit for such period.....	2 365.0
Apr. 7, 1969: 84 Stat. 7—	
1. Amending sec. 21, effective Apr. 7, 1969, increasing debt limitation to.....	2 365.0
2. Increasing the temporary debt limit by \$12,000,000,000 for the period from Apr. 7, 1969, through June 30, 1970, to make the limit for such period.....	2 377.0
June 30, 1970: 84 Stat. 368—	
1. Amendment sec. 21, effective July 1, 1970, increasing debt limitation to.....	2 380.0
2. Increasing the temporary debt limit by \$15,000,000,000 for the period from July 1, 1970, through June 20, 1971, to make the limit for such period.....	2 395.0
Mar. 17, 1971: 85 Stat. 5—	
1. Amending sec. 21, effective Mar. 17, 1972, increasing debt limitation to.....	2 400.0
2. Increasing the temporary debt limit by \$30,000,000,000 for the period from Mar. 17, 1971, through June 30, 1972, to make the limit for such period.....	2 430.0
Mar. 15, 1972: 86 Stat. 63, increasing the temporary debt limit by an additional \$20,000,000,000 for the period from Mar. 15, 1972, through June 30, 1972, to make the limit for such period.....	2 450.0
July 1, 1972: 86 Stat. 406, extending the temporary debt limit of \$50,000,000,000 for the period from July 1, through Oct. 31, 1972, to make the limit for such period.....	2 450.0
Oct. 27, 1972: 86 Stat. 1324, increasing the temporary debt limit by \$65,000,000,000 for the period from Nov. 1, 1972, through June 30, 1974, to make the limit for such period.....	2 465.0
July 1, 1973: 87 Stat. 134, extending the temporary debt limit of \$65,000,000,000 for the period from June 30, 1973, through Nov. 30, 1973, to make the limit for such period.....	2 465.0
Dec. 3, 1973: 87 Stat. 691, increasing the temporary debt limit by \$75,700,000,000 for the period from Dec. 7, 1973, through June 30, 1974, to make the limit for such period.....	2 475.7
June 30, 1974: 88 Stat. 285, increasing the temporary debt limit by \$95,000,000,000 for the period from June 3, 1974, through Mar. 31, 1975, to make the limit for such period.....	2 495.0
Feb. 19, 1975: 89 Stat. 5, increasing the temporary debt limit by \$131,000,000,000 for the period from Feb. 10, 1975, through June 3, 1976, to make the limit for such period.....	2 531.0
June 30, 1975: 89 Stat. 246, increasing the temporary debt limit by \$177,000,000,000 for the period from June 30, 1975, through Nov. 16, 1975, to make the limit for such period.....	2 577.0
Nov. 14, 1975: 89 Stat. 693, increasing the temporary debt limit by \$195,000,000,000 for the period from Nov. 14, 1975, through Mar. 15, 1976, to make the limit for such period.....	2 595.0
Mar. 15, 1976: 90 Stat. 217, increasing the temporary debt limit by \$227,000,000,000 for the period from Mar. 15, 1976, through June 30, 1976, to make the limit for such period.....	2 627.0
June 30, 1976: 90 Stat. 793—	
1. Increasing the temporary debt limit by \$236,000,000,000 for the period from July 1, 1976, through Sept. 30, 1976, to make the limit for such period.....	2 636.0
2. Increasing the temporary debt limit by \$282,000,000,000 for the period from Oct. 1, 1976, through Mar. 3, 1977, to make the limit for such period.....	2 682.0
3. Increasing the temporary debt limit by \$300,000,000,000 for the period from Apr. 2, 1977, through Sept. 30, 1977, to make the limit for such period.....	2 700.0

Oct. 4, 1977: 91 Stat. 1090, increasing the temporary debt limit by \$352,000,000,000 for the period from the date of enactment through Mar. 31, 1978, to make the limit for such period	² 752.0
Mar. 27, 1978: 92 Stat. 185, extending the temporary debt limit of \$352,000,000,000 from the date of enactment through July 31, 1978, to make the limit for such period	² 752.0
Aug. 3, 1978: 92 Stat. 419, increasing the temporary debt limit by \$398,000,000,000 from the date of enactment through Mar. 31, 1979, to make the limit for such period	² 798.0
Apr. 2, 1979: 93 Stat. 8, increasing the temporary debt limit by \$430,000,000,000 from the date of enactment through September 30, 1979, to make the limit for such period	² 830.0
Sept. 29, 1979: 93 Stat. 589, increasing the temporary debt limit by \$479,000,000,000 from the date of enactment through May 31, 1980, to make the limit for such period	² 879.0
May 30, 1980: 94 Stat. 421, increasing the temporary debt limit by \$479,000,000,000 from the date of enactment through June 5, 1980, to make the limit for such period	² 879.0
June 6, 1980: 94 Stat. 439, increasing the temporary debt limit by \$479,000,000,000 from the date of enactment through June 30, 1980, to make the limit for such period	² 879.0
June 28, 1980: 94 Stat. 598, increasing the temporary debt limit by \$525,000,000,000 from the date of enactment through February 28, 1981, to make the limit for such period	² 925.0
December 19, 1980: 94 Stat. 3261, increasing the temporary debt limit by \$535,100,000,000 from the date of enactment through September 30, 1981, to make the limit for such period	² 935.1
February 7, 1981: 95 Stat. 4, increasing the temporary debt limit by \$585,000,000,000 from the date of enactment through September 30, 1981, to make the limit for such period	² 985.0
September 30, 1981: 95 Stat. 955, increasing the temporary debt limit by \$599,800,000,000 from the date of enactment through September 30, 1981, to make the limit for such period	² 999.8
September 30, 1981: 95 Stat. 956, increasing the temporary debt limit by \$679,800,000,000 from the date of enactment through September 30, 1982, to make the limit for such period	² 1,079.8
June 28, 1982: 96 Stat. 130, increasing the temporary public debt limit by \$743,100,000,000 from the date of enactment through September 30, 1982, to make the limit for such period	² 1,143.1
September 30, 1982: 96 Stat. 270, increasing the temporary public debt limit by \$890,200,000,000 during the period beginning on October 1, 1982, and ending on September 30, 1983, to make the limit for such period	² 1,290.2
May 26, 1983: 97 Stat. 196, increasing the permanent public debt limit by \$989,000,000,000 from the date of enactment to make the public debt limit	² 1,389.0
November 21, 1983: 97 Stat. 1012, increasing the permanent public debt limit by \$101,000,000,000 from the date of enactment to make the public debt limit	² 1,490.0

¹ Limitation on issue.² Limitation on outstanding.

TABLE II.—OUTSTANDING PUBLIC DEBT SUBJECT TO LIMITATION AT
END OF FISCAL YEARS 1916-82, AND ON MAY 3, 1984

Fiscal year:	Millions	Fiscal year:	Millions
1916	\$1,225	1951	\$253,283
1917	2,976	1952	257,233
1918	12,455	1953	647,220
1919	25,485	1954	269,379
1920	24,299	1955	272,348
1921	23,977	1956	270,619
1922	22,963	1957	269,120
1923	22,350	1958	275,395
1924	21,251	1959	282,419
1925	20,516	1960	283,827
1926	19,643	1961	286,308
1927	18,512	1962	296,374
1928	17,604	1963	302,923
1929	16,931	1964	308,583
1930	16,185	1965	314,126
1931	16,801	1966	316,293
1932	19,487	1967	323,143
1933	22,539	1968	¹ 348,534
1934	27,053	1969	¹ 356,107
1935	28,701	1970	¹ 372,600
1936	33,779	1971	¹ 398,650
1937	36,425	1972	¹ 427,751
1938	36,882	1973	¹ 458,264
1939	40,371	1974	¹ 475,181
1940	43,219	1975	¹ 534,207
1941	49,494	1976	¹ 620,556
1942	74,154	Transition quarter	¹ 635,822
1943	140,469	1977	¹ 699,963
1944	208,077	1978	¹ 772,691
1945	268,671	1979	¹ 827,614
1946	268,932	1980	¹ 908,723
1947	255,767	1981	¹ 998,818
1948	240,381	1982	¹ 1,142,913
1949	250,965	1983	¹ 1,377,953
1950	255,382	1984	¹² 1,489,975

¹ Includes FNMA participation certificates issued in fiscal year 1968 in debt of fiscal years 1968-83.

² Debt at close of business, May 3, 1984.

Source: Annual Report of the Secretary of the Treasury for fiscal year 1923, table 34, p. 544, for 1916-17; Annual Report for fiscal year 1962, table 507, for 1983 and 1939; Annual Report for fiscal year 1976, Statistical Appendix, table 21, p. 67, for 1940-76; Treasury Bulletin, November 1982, table FD-8, p. 24 for 1977 through 1982, monthly Statement of the Public Debt, September 30, 1983, and Daily Treasury Statement, May 3, 1984.

IV. COSTS OF CARRYING OUT THE BILL AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

Budget Effects

In compliance with paragraph 11(a) of Rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the budget effects of S. —, as reported.

The committee does not believe that the change made by S. — in the debt limitation will result in any additional costs in the current fiscal year or in any of the five fiscal years to follow.

Vote of the Committee

In compliance with paragraph 7(c) of Rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the vote by the committee on the motion to report the bill. S. — was ordered favorably reported by voice vote.

V. REGULATORY IMPACT OF THE BILL AND OTHER MATTERS TO BE DISCUSSED UNDER SENATE RULES

A. Regulatory Impact

Pursuant to paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the committee makes the following statement concerning the regulatory impact that might be incurred in carrying out the provisions of S. —, as reported.

Numbers of individuals and businesses who would be regulated

The bill does not involve new or expanded regulation of individuals or businesses.

Economic impact of regulation on individuals, consumers, and business

The bill has no regulatory economic impact on individuals, consumers or businesses.

Impact on personal privacy

The bill does not relate to the personal privacy of individuals.

Determinations of the amount of paperwork

The bill will involve no additional paperwork for taxpayers.

B. Other Matters

Consultation with congressional budget office on budget estimates

In accordance with section 403 of the Budget Act, the committee advises that the Director of the Congressional Budget Office has not submitted a written statement with respect to the bill.

New budget authority

In compliance with section 308(a)(1) of the Budget Act, and after consultation with the Director of the Congressional Budget Office, the committee states that the changes made to existing law by the bill involve no new budget authority.

Tax expenditures

In compliance with section 308(a)(2) of the Budget Act with respect to tax expenditures, and after consultation with the Director of the Congressional Budget Office, the committee states that the provisions of the bill involve no new or changed tax expenditures.

ADDITIONAL VIEWS OF MR. GRASSLEY

It has become quite apparent to me that, as an institution, we are more concerned with spending money than we are with how we will come up with enough money to spend.

We have become proficient at talking a great deficit-reduction game in order to hide our inability to reduce deficits. We have learned to maintain a steady growth in debt and ignore its inevitable adverse impact on interest rates and productivity. We have chosen to ride a course that serves interests rather than interest rates. A national crisis is brewing, yet our policy has been "hands off." The summation of this activity leaves us very near the point beyond which fiscal disaster is assured.

The inability of the Congress to properly prioritize its fiscal activities has compelled me to vote against this extension of the Federal debt. Prior to even considering such an extension, I would have expected a much more serious effort to substantially lower this year's deficit. Instead, it has become obvious, in this election year, that the deficit is the least of our priorities, lip-service to the contrary, notwithstanding. We have seemingly abdicated for a year our fiscal responsibilities. We declared war on deficits, and the deficits won. We have become conscientious objectors, and are about to surrender another \$200 billion in ransom.

Very quickly the size of the Federal debt, not the current deficit, has become the chief and critical problem and the fundamental driver of high interest rates. In just 3 years, from fiscal year 1982 to fiscal year 1984, the Federal Government will have added half-a-trillion dollars to the debt level. A permanent \$50-billion interest payment will thus be wedged into the Federal budget and will commence growing steadily. By fiscal year 1986, total interest payments will reach \$150 billion. Steady growth of debt and its service will tie our hands and make it increasingly impossible to deal with the unfolding crisis in a reasonable manner. Soon we will have to borrow money just to pay the interest on what we owe, not unlike what threw New York into near-bankruptcy in the late seventies. If a similar situation occurs with the Federal budget, we might be forced to pay a visit to the IMF.

The options and flexibility available for dealing with this predicament are gradually disappearing. Another year, another \$200-billion deficit and another debt extension create a further permanent impediment to avoiding the impending crisis. I cannot lend my support, or even my acquiescence, to such policy.

CHUCK GRASSLEY.

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